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Hiring the Right Executives to Grow Your Company

By Frank Marquardt
WetFeet, Inc.

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Startups depend on their leaders. Finding executives with the management experience and business knowledge necessary to execute against the business plan is critical in building effective teams. It's also essential if you're going to convince investors to fund your dream.

Of course, you're going to want your CTO to have different skills than your CEO. But that doesn't mean you won't look for similar qualities in all the executives you hire.

"The one thread of continuity to any executive that comes into a startup organization is that this person has to make an immediate positive impact the day that person walks in the door," says Jim Nalepa, an executive recruiter and principal at Morgan International, a recruiting firm based in Chicago. "The day you walk in, you know where you're going, you lead, and you make an impact on that business."

Senior Managers Are Not Ordinary Managers

When you're building your senior management team, there's a lot to keep in mind. You want to maintain your culture and ensure there's chemistry with the rest of your team. You'll want to find leaders able to take your company to the next level quickly.

And you're going to depend upon the person's CV to help you get the funding you need. "That person who is going to be attractive to the capital markets will have domain experience, entrepreneurial fire, and Web savvy," says Nalepa.

Consider the Person's Background

Not everybody fits in the startup environment. In picking a senior executive, you need someone who can do a lot with a little and has the passion to build a bare-bones company from the ground up. If they're too good to get their hands dirty with the rest of the team, they're not going to fit in.

"By the time someone reaches the vice president level, you can really dig deep enough to determine their leadership style," says Nalepa. Look at what risks they've taken in their career and what's motivating their move to a startup.

But be careful. "Many people think they want to do a startup, but at the end of the day they don't want to do a startup," says David Amsden, the executive director at the Boston office of Christian & Timbers, an executive search firm.

Look For Domain Experience

Executives who don't know the business will have trouble doing business. While the Web changes the rules of business, it doesn't change the fundamental business you're going to be in.

Without domain experience, your executives will need to learn a whole new language, while building a Rolodex of new contacts. A competitor who has a domain expert on its executive team will leave you choking on its dust.

"Early on, [domain experience] was discounted in the Internet Gold Rush, and I think that's why a lot of these companies have failed," Nalepa says.

You Want an Entrepreneur With Passion

"Somebody can have great domain experience, but if they don't have the entrepreneurial fire burning in them, they should be rejected," says Nalepa. You need executives who are builders

rejected," says Nalepa. You need executives who are builders, able to embrace the risks that come with starting up a company.

Says Amsden: "An entrepreneurial executive in general is very independent, very creative, very solution oriented, very focused, and can work without a lot of support, meaning support staff."

Conversely, Amsden says a large-company executive "is used to many resources, generally gets things done by delegation, can be more consensus-driven versus independent-thought-process driven."

Figure Out Who You Need, When

Executives play different roles. Your CEO will set the vision internally and sell your plan to the outside world. The COO, on the other hand, is the internal operator in charge of bringing different business areas together and getting things done.

Nalepa describes one instance when he was approached by a Web company that connected small metal component manufacturers with big OEMs. The company had a great business plan and was looking for help in finding a VP of marketing and a VP of operations.

"I said, 'You need a COO,'" says Nalepa, who argued that without a domain expert, the markets would shun the startup. "You have to recognize the game that you're playing."

Nalepa notes that instead of a VP of sales, the two additional critical positions for startups are VP of business development and VP of marketing. The reason: "A startup organization in the new economy can't stand alone. They have to be able to recognize and build alliances from day one," Nalepa says.

What follows are some additional things to keep in mind when hiring executives for your startup:

Make Sure They're Net Savvy. When you're creating an Internet company, you need people who understand what is new—what it can do and how they can use it. "You don't have to be a technologist," says Nalepa, "but you have to understand what the impact of this technology is on your business application."

Is There a Cultural Fit? Few things disrupt a team as much as a leader who doesn't fit in. When you bring in senior managers who don't share the vision and values of the rest of the company, you create resentment among the rank and file and imperil your company's ability to execute.

Who Joins the Executive? Great leaders attract loyal followers. Find out if your executive will bring people with him or her—or has the magnetic personality to attract talented hires. That's a competitive advantage when you're recruiting for the best in a tight market. "For a CTO especially, if you can bring an established team with you, you are worth your weight in gold," says Nalepa.

You need the right people with the right experience doing the right things to take your business forward. Pick your executives carefully. "Too many ideas that looked good on paper were never executed because they didn't have the business and management expertise to get it done," says Nalepa. "Basically, they were good ideas but they didn't have the people to execute."